

Revenue Stabilization Fund

002-01-Revenue Stabilization Fund

Fund: 002, Revenue Stabilization Fund	
Total Expenditures	\$0
Revenue:	
General Fund Support	\$0
Bond Revenue	\$0
Other Revenue	\$1,175,070
Total Revenue	\$1,175,070

► Summary of Program

The Board of Supervisors during their deliberations on the FY 1999 Carryover Review, approved the establishment of Fund 002, Revenue Stabilization Fund. The fund was established as a mechanism to maintain a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy.

► Funding Availability and Future Considerations

The fund will not be used as a method of addressing the demand for new or expanded services, it is solely to be used as a financial tool in the event of a significant economic downturn.

This fund may not be utilized unless the following criteria is met:

- 1) Projected revenues reflect a decrease greater than 1.5 percent from the current year estimate.
- 2) Withdrawal from the Fund shall not exceed one half of the fund balance in any fiscal year, and
- 3) Withdrawals from the Fund shall be used in combination with spending cuts or other measures.

The Revenue Stabilization Fund has a fully funded target balance of 3.0 percent of General Fund disbursements. The fund is separate and distinct from the County's 2.0 percent Managed Reserve which was established in FY 1983. However the aggregate balance of both reserves shall equal 5.0 percent of General Fund Disbursements.

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► Funding Methodology

The target balance of 3.0 percent of General Fund disbursements shall be achieved through the combination of:

- 1) General Fund transfers at quarterly reviews of 40 percent of the non-recurring balance, and
- 2) Retention of the interest earnings on the balance.

This funding methodology will continue until the fund attains fully funded status.

► Status of Program

As of the FY 2001 Carryover Review, the funded ratio for Fund 002, Revenue Stabilization Fund is approximately \$28.0 million or 1.2 percent of General Fund Disbursements. To achieve fully funded status the fund would require \$70.2 million.